

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
WILLIAMSBURG, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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# WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Mark Armstrong	President	2008
Tom Claypool	Vice President	2008
James McMillin	Board Member	2006
Bob Lillis	Board Member	2007
Darren Spenler	Board Member	2007
<u>Board of Education</u>		
(After September 2006 Election)		
Tom Claypool	President	2008
Mark Armstrong	Vice President	2008
Bob Lillis	Board Member	2007
Darren Spenler	Board Member	2007
James McMillin	Board Member	2009
<u>School Officials</u>		
Dr. Randy L. Freeman	Superintendent	2007
Kathryn McMann	District Secretary	2007
Melinda Driscoll	District Treasurer	2007
Tom Buchanan	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Williamsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Community School District, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2007 on our consideration of Williamsburg Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 36 through 37 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williamsburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
October 3, 2007

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## Basic Financial Statements

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,386,892	\$ 864	\$ 1,387,756
Receivables:			
Property tax:			
Current year	49,355	-	49,355
Succeeding year	3,218,000	-	3,218,000
Income surtax	397,277	-	397,277
Accounts	1,068	-	1,068
Due from other governments	250,127	-	250,127
Inventories	-	14,052	14,052
Restricted ISCAP assets (note 4):			
Investments	560,567	-	560,567
Accrued interest receivable	21,517	-	21,517
Capital assets, net of accumulated depreciation (note 5)	9,008,401	120,944	9,129,345
<b>Total assets</b>	<b>14,893,204</b>	<b>135,860</b>	<b>15,029,064</b>
<b>Liabilities</b>			
Accounts payable	152,797	-	152,797
Salaries and benefits payable	8,925	-	8,925
Accrued interest payable	1,973	-	1,973
ISCAP warrants payable (note 4)	562,000	-	562,000
ISCAP accrued interest payable (note 4)	10,284	-	10,284
ISCAP unamortized premium (note 4)	2,281	-	2,281
Deferred revenue:			
Succeeding year property tax	3,218,000	-	3,218,000
Other	-	4,396	4,396
Long-term liabilities (note 6):			
Portion due within one year:			
Termination benefits	56,636	-	56,636
Bonds payable	135,000	-	135,000
Asbestos loan	20,189	-	20,189
Portion due after one year:			
Termination benefits	212,608	-	212,608
Bonds payable	290,000	-	290,000
Asbestos loan	50,474	-	50,474
<b>Total liabilities</b>	<b>4,721,167</b>	<b>4,396</b>	<b>4,725,563</b>



WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 8,512,738	\$ 120,944	\$ 8,633,682
Restricted for:			
Physical plant and equipment levy	71,512	-	71,512
Other special revenue purposes	131,375	-	131,375
Capital projects	534,919	-	534,919
Unrestricted	921,493	10,520	932,013
Total net assets	\$ <u>10,172,037</u>	\$ <u>131,464</u>	\$ <u>10,303,501</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 7,181,223	\$ 1,002,212	\$ 683,211	\$ -
Support services:				
Student services	224,473	27,199	25,988	-
Instructional staff services	296,555	-	28,711	-
Administration services	919,857	-	-	-
Operation and maintenance of plant services	960,776	-	-	-
Transportation services	510,800	-	62,186	-
	2,912,461	27,199	116,885	-
Non-instructional programs	5,213	-	-	-
Other expenditures:				
Facilities acquisition	174,382	-	-	25,000
Long-term debt interest and fiscal charges	37,167	-	-	-
AEA flowthrough	368,305	-	368,305	-
Depreciation (unallocated) *	254,015	-	-	-
	833,869	-	368,305	25,000
Total governmental activities	10,932,766	1,029,411	1,168,401	25,000

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ <u>(5,495,800)</u>	\$ <u>-</u>	\$ <u>(5,495,800)</u>
(171,286)	-	(171,286)
(267,844)	-	(267,844)
(919,857)	-	(919,857)
(960,776)	-	(960,776)
<u>(448,614)</u>	<u>-</u>	<u>(448,614)</u>
<u>(2,768,377)</u>	<u>-</u>	<u>(2,768,377)</u>
<u>(5,213)</u>	<u>-</u>	<u>(5,213)</u>
(149,382)	-	(149,382)
(37,167)	-	(37,167)
-	-	-
<u>(254,015)</u>	<u>-</u>	<u>(254,015)</u>
<u>(440,564)</u>	<u>-</u>	<u>(440,564)</u>
<u>(8,709,954)</u>	<u>-</u>	<u>(8,709,954)</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Business-Type Activities:				
Support services:				
Food service operations	\$ 3,371	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	501,440	312,914	126,836	-
Total business-type activities	504,811	312,914	126,836	-
Total	\$ 11,437,577	\$ 1,342,325	\$ 1,295,237	\$ 25,000

General Revenues:

Property tax levied for:

    General purposes

    Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation included  
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ -	\$ (3,371)	\$ (3,371)
-	(61,690)	(61,690)
-	(65,061)	(65,061)
(8,709,954)	(65,061)	(8,775,015)
\$ 3,153,976	\$ -	\$ 3,153,976
102,199	-	102,199
608,232	-	608,232
640,178	-	640,178
4,309,192	-	4,309,192
167,869	332	168,201
80,893	-	80,893
9,062,539	332	9,062,871
352,585	(64,729)	287,856
9,819,452	196,193	10,015,645
\$ <u>10,172,037</u>	\$ <u>131,464</u>	\$ <u>10,303,501</u>

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Funds</u>	<u>Funds</u>
Assets			
Cash and pooled investments	\$ 547,064	\$ 839,828	\$ 1,386,892
Receivables:			
Property tax:			
Current year	44,168	5,187	49,355
Succeeding year	2,899,000	319,000	3,218,000
Income surtax	397,277	-	397,277
Accounts	1,068	-	1,068
Due from other governments	141,678	108,449	250,127
Restricted ISCAP assets (note 4):			
Investments	560,567	-	560,567
Accrued interest receivable	21,517	-	21,517
	<u>4,612,339</u>	<u>1,272,464</u>	<u>5,884,803</u>
Total assets	\$ 4,612,339	\$ 1,272,464	\$ 5,884,803
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 143,937	\$ 8,860	\$ 152,797
Salaries and benefits payable	8,925	-	8,925
ISCAP warrants payable (note 4)	562,000	-	562,000
ISCAP accrued interest payable (note 4)	10,284	-	10,284
ISCAP unamortized premium (note 4)	2,281	-	2,281
Deferred revenue:			
Succeeding year property tax	2,899,000	319,000	3,218,000
Other	397,277	-	397,277
Total liabilities	<u>4,023,704</u>	<u>327,860</u>	<u>4,351,564</u>
Fund balance:			
Unreserved:			
Reported in nonmajor Special			
Revenue Funds	-	409,685	409,685
Undesignated	588,635	534,919	1,123,554
Total fund balances	<u>588,635</u>	<u>944,604</u>	<u>1,533,239</u>
Total liabilities and fund balances	\$ 4,612,339	\$ 1,272,464	\$ 5,884,803

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2007

Total fund balances of governmental funds	\$ 1,533,239
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,008,401
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	397,277
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,973)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(764,907)</u>
Net assets of governmental activities	<u>\$ 10,172,037</u>
See notes to financial statements.	

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2007

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	\$ 3,514,493	\$ 1,659,047	\$ 5,173,540
Tuition	334,335	-	334,335
Other	221,615	28,952	250,567
State sources	5,238,817	194	5,239,011
Federal sources	241,986	25,000	266,986
Total revenues	9,551,246	1,713,193	11,264,439
Expenditures:			
Current:			
Instruction	6,194,279	857,957	7,052,236
Support services:			
Student services	228,693	-	228,693
Instructional staff services	296,555	-	296,555
Administration services	890,792	29,065	919,857
Operation and maintenance of plant services	887,794	68,494	956,288
Transportation services	447,947	23,319	471,266
	2,751,781	120,878	2,872,659
Non-instructional programs	5,213	-	5,213
Other expenditures:			
Facilities acquisition	-	174,382	174,382
Long term debt:			
Principal	-	430,189	430,189
Interest and fiscal charges	-	38,330	38,330
AEA flowthrough	368,305	-	368,305
	368,305	642,901	1,011,206
Total expenditures	9,319,578	1,621,736	10,941,314
Excess (deficiency) of revenues over (under) expenditures	231,668	91,457	323,125



WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2007

	General	Nonmajor Governmental Funds	Total
Other financing sources (uses):			
Compensation for loss of capital assets	\$ 25,500	\$ -	\$ 25,500
Interfund transfers in (note 3)	-	425,278	425,278
Interfund transfers out (note 3)	(20,189)	(405,089)	(425,278)
Total other financing sources (uses)	<u>5,311</u>	<u>20,189</u>	<u>25,500</u>
Net change in fund balances	236,979	111,646	348,625
Fund balances beginning of year	<u>351,656</u>	<u>832,958</u>	<u>1,184,614</u>
Fund balances end of year	<u>\$ 588,635</u>	<u>\$ 944,604</u>	<u>\$ 1,533,239</u>

See notes to financial statements.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 348,625

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 62,808	
Depreciation expense	<u>(333,209)</u>	(270,401)

Income surtax revenue not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (4,588)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 430,189

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,163

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (152,403)

Change in net assets of governmental activities \$ 352,585

See notes to financial statements.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2007

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 864
Inventories	14,052
Capital assets, net of accumulated depreciation	<u>120,944</u>
Total assets	<u>135,860</u>
Liabilities	
Deferred revenue:	
Other	<u>4,396</u>
Net Assets	
Invested in capital assets	120,944
Unrestricted	<u>10,520</u>
Total net assets	<u>\$ 131,464</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
Year Ended June 30, 2007

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>312,914</u>
Operating expenses:	
Support services:	
Purchased services	<u>3,371</u>
Non-instructional programs:	
Food service operations:	
Salaries	195,434
Benefits	49,244
Purchased services	206
Supplies	233,902
Depreciation	<u>22,654</u>
	<u>501,440</u>
Total expenses	<u>504,811</u>
Operating loss	<u>(191,897)</u>
Non-operating revenues:	
Interest on investments	332
State sources	5,493
Federal sources	<u>121,343</u>
Total non-operating revenues	<u>127,168</u>
Change in net assets	(64,729)
Net assets beginning of year	<u>196,193</u>
Net assets end of year	\$ <u><u>131,464</u></u>

See notes to financial statements.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 310,316
Cash received from miscellaneous operating activities	3,690
Cash payments to employees for services	(244,678)
Cash payments to suppliers for goods or services	<u>(209,328)</u>
Net cash used by operating activities	<u>(140,000)</u>
Cash flows from non-capital financing activities:	
State grants received	5,493
Federal grants received	<u>93,311</u>
Net cash provided by non-capital financing activities	<u>98,804</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(2,827)</u>
Cash flows from investing activities:	
Interest on investments	<u>332</u>
Net increase in cash and cash equivalents	(43,691)
Cash and cash equivalents beginning of year	<u>44,555</u>
Cash and cash equivalents end of year	\$ <u><u>864</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (191,897)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	22,654
Commodities used	28,032
Decrease in inventories	119
Increase in deferred revenues	<u>1,092</u>
Net cash used by operating activities	\$ <u><u>(140,000)</u></u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2007, the District received \$28,032 of federal commodities.	

See notes to financial statements.

# WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### Note 1. Summary of Significant Accounting Policies

Williamsburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Williamsburg, Iowa, and agricultural territory in Iowa County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Williamsburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Williamsburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Iowa County Assessor's Conference Board.

#### B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.



WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll withholdings not remitted by year end have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – The District’s policy is not to reimburse employees for unused vacation. Vacation can only be used by an employee in the year it is earned. The District had no compensated absences liability at June 30, 2007.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the instruction function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District’s deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 2. Cash and Pooled Investments (continued)

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u><u>47,523</u></u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 20,189
	Capital Projects	<u>405,089</u>
Total		<u>\$ 425,278</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2006-07A	6/28/2006	6/28/2007	\$ -	\$ 8,862	\$ -	\$ -	-
2006-07B	1/26/2007	1/25/2008	560,567	12,655	562,000	10,284	2,281
Total			\$ 560,567	\$ 21,517	\$ 562,000	\$ 10,284	\$ 2,281

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A	\$ -	\$ 200,000	\$ 200,000	\$ -

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07A	4.50%	5.676%
2006-07B	4.25%	5.315%

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 255,800	\$ -	\$ -	\$ 255,800
Capital assets being depreciated:				
Buildings	11,839,191	-	-	11,839,191
Improvements other than buildings	662,598	-	-	662,598
Furniture and equipment	1,235,516	62,808	49,490	1,248,834
Total capital assets being depreciated	13,737,305	62,808	49,490	13,750,623
Less accumulated depreciation for:				
Buildings	3,448,313	223,888	-	3,672,201
Improvements other than buildings	352,810	30,127	-	382,937
Furniture and equipment	913,180	79,194	49,490	942,884
Total accumulated depreciation	4,714,303	333,209	49,490	4,998,022
Total capital assets being depreciated, net	9,023,002	(270,401)	-	8,752,601
Governmental activities capital assets, net	\$ 9,278,802	\$ (270,401)	\$ -	\$ 9,008,401

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 281,516	\$ 2,827	\$ -	\$ 284,343
Less accumulated depreciation	140,745	22,654	-	163,399
Business-type activities capital assets, net	<u>\$ 140,771</u>	<u>\$ (19,827)</u>	<u>\$ -</u>	<u>\$ 120,944</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

    Instruction:

        Regular

\$ 11,867

    Support services:

        Student support

1,055

        Operation and maintenance of plant services

4,488

        Transportation

61,784

79,194

Unallocated depreciation

254,015

Total governmental activities depreciation expense

\$ 333,209

Business-type activities:

    Food service operations

\$ 22,654

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Early Retirement	General Obligation Bonds	Asbestos Loan	Total
Balance beginning of year	\$ 116,841	\$ 835,000	\$ 90,852	\$ 1,042,693
Additions	304,882	-	-	304,882
Reductions	152,479	410,000	20,189	582,668
Balance end of year	<u>\$ 269,244</u>	<u>\$ 425,000</u>	<u>\$ 70,663</u>	<u>\$ 764,907</u>
Due within one year	<u>\$ 56,636</u>	<u>\$ 135,000</u>	<u>\$ 20,189</u>	<u>\$ 211,825</u>

Termination Benefits

The District offers voluntary termination benefits to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The termination benefits incentive for each eligible employee is equal to a percentage of the difference between the B.A. Step O and the employee's position on the salary scale as of the last contract year, based on age at retirement. Eligible employees will also receive paid single health and major medical insurance coverage until the employee reaches age 65 or becomes eligible for Medicare coverage.

At June 30, 2007, the District has obligations to ten participants with a total liability of \$269,244. Actual termination benefits expenditures for the year ended June 30, 2007 totaled \$152,479. Termination benefits are recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.



WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 135,000	\$ 23,670	\$ 158,670
2009	140,000	16,246	156,246
2010	150,000	8,476	158,476
	<u>\$ 425,000</u>	<u>\$ 48,392</u>	<u>\$ 473,392</u>

Asbestos Loan Program Grant

During the year ended June 30, 1991, the district entered into a loan agreement with the Environmental Protection Agency to finance the removal of asbestos from the Junior-Senior High School. The agreement included a grant of \$2,274 and an interest free loan of \$363,405. The loan is to be paid in 36 equal biannual installments of \$10,094. The final date of the loan is May 30, 2011. Details of the District's asbestos management loan are as follows:

Year Ending June 30,	Payment
2008	\$ 20,189
2009	20,189
2010	20,189
2011	<u>10,096</u>
	<u>\$ 70,663</u>

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$341,196, \$317,616, and \$299,230, respectively, equal to the required contributions for each year.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 8. Risk Management

Williamsburg Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$368,305 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitments

The District entered into various contracts totaling \$363,788 for various projects. As of June 30, 2007, work had not yet been started on the projects.

## Required Supplementary Information

**WILLIAMSBURG COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –  
Budget and Actual – All Governmental Funds  
and Proprietary Fund  
Required Supplementary Information  
Year Ended June 30, 2007

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 5,758,442	\$ 313,246	\$ 6,071,688	\$ 4,846,408	\$ 4,846,408	\$ 1,225,280
Intermediate sources	-	-	-	2,000	2,000	(2,000)
State sources	5,239,011	5,493	5,244,504	5,713,858	5,713,858	(469,354)
Federal sources	266,986	121,343	388,329	293,000	293,000	95,329
<b>Total revenues</b>	<b>11,264,439</b>	<b>440,082</b>	<b>11,704,521</b>	<b>10,855,266</b>	<b>10,855,266</b>	<b>849,255</b>
<b>EXPENDITURES:</b>						
Instruction	7,052,236	-	7,052,236	6,939,475	7,039,475	(12,761)
Support services	2,872,659	3,371	2,876,030	2,914,556	2,964,556	88,526
Non-instructional programs	5,213	501,440	506,653	535,000	535,000	28,347
Other expenditures	1,011,206	-	1,011,206	1,229,933	1,229,933	218,727
<b>Total expenditures</b>	<b>10,941,314</b>	<b>504,811</b>	<b>11,446,125</b>	<b>11,618,964</b>	<b>11,768,964</b>	<b>322,839</b>
Excess (deficiency) of revenues over (under) expenditures	323,125	(64,729)	258,396	(763,698)	(913,698)	1,172,094
Other financing sources, net	25,500	-	25,500	-	-	25,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures	348,625	(64,729)	283,896	(763,698)	(913,698)	1,197,594
Balance beginning of year	1,184,614	196,193	1,380,807	1,103,308	1,103,308	277,499
Balance end of year	<u>\$ 1,533,239</u>	<u>\$ 131,464</u>	<u>\$ 1,664,703</u>	<u>\$ 339,610</u>	<u>\$ 189,610</u>	<u>\$ 1,475,093</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$150,000.

During the year ended June 30, 2007, expenditures in the instruction function exceeded the amount budgeted.

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## Other Supplementary Information

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Assets					
Cash and pooled investments	\$ 202,985	\$ 140,235	\$ 70,138	\$ 426,470	\$ 839,828
Receivables:					
Property tax:					
Current year	3,813	-	1,374	-	5,187
Succeeding year	226,000	-	93,000	-	319,000
Due from other governments	-	-	-	108,449	108,449
Total assets	<u>\$ 432,798</u>	<u>\$ 140,235</u>	<u>\$ 164,512</u>	<u>\$ 534,919</u>	<u>\$ 1,272,464</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ 8,860	\$ -	\$ -	\$ 8,860
Deferred revenue:					
Succeeding year property tax	226,000	-	93,000	-	319,000
Total liabilities	<u>226,000</u>	<u>8,860</u>	<u>93,000</u>	<u>-</u>	<u>327,860</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	<u>206,798</u>	<u>131,375</u>	<u>71,512</u>	<u>534,919</u>	<u>944,604</u>
Total liabilities and fund equity	<u>\$ 432,798</u>	<u>\$ 140,235</u>	<u>\$ 164,512</u>	<u>\$ 534,919</u>	<u>\$ 1,272,464</u>

See accompanying independent auditor's report.



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WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2007

	Special Revenue			
	Management	Student	Physical	Debt
	Levy	Activity	Plant and	Service
			Equipment	
			Levy	
Revenues:				
Local sources:				
Local tax	\$ 250,491	\$ 666,229	\$ 102,149	\$ -
Other	14,068	-	10,425	159
State sources	144	-	50	-
Federal sources	-	-	25,000	-
Total revenues	<u>264,703</u>	<u>666,229</u>	<u>137,624</u>	<u>159</u>
Expenditures:				
Current:				
Instruction	197,384	660,573	-	-
Support services:				
Administration services	29,065	-	-	-
Operation and maintenance of				
plant services	68,494	-	-	-
Transportation services	23,319	-	-	-
Other expenditures:				
Facilities acquisition	-	-	159,358	-
Long term debt:				
Principal	-	-	-	430,189
Interest and fiscal charges	-	-	-	38,330
Total expenditures	<u>318,262</u>	<u>660,573</u>	<u>159,358</u>	<u>468,519</u>
Excess (deficiency) of revenues over				
(under) expenditures	(53,559)	5,656	(21,734)	(468,360)
Other financing sources (uses):				
Interfund transfers in	-	-	-	425,278
Interfund transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,278</u>
Excess (deficiency) of revenues over (under)				
expenditures and other financing uses	(53,559)	5,656	(21,734)	(43,082)
Fund balances beginning of year	<u>260,357</u>	<u>125,719</u>	<u>93,246</u>	<u>43,082</u>
Fund balances end of year	<u>\$ 206,798</u>	<u>\$ 131,375</u>	<u>\$ 71,512</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Capital Projects		Total	
\$	640,178	\$	1,659,047
	4,300		28,952
	-		194
	-		25,000
	<u>644,478</u>		<u>1,713,193</u>
	-		857,957
	-		29,065
	-		68,494
	-		23,319
	15,024		174,382
	-		430,189
	-		38,330
	<u>15,024</u>		<u>1,621,736</u>
	629,454		91,457
	-		425,278
	<u>(405,089)</u>		<u>(405,089)</u>
	<u>(405,089)</u>		<u>20,189</u>
	224,365		111,646
	<u>310,554</u>		<u>832,958</u>
\$	<u><u>534,919</u></u>	\$	<u><u>944,604</u></u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
All Weather Track	\$ 2,450	\$ 3,535	\$ 4,121	\$ 1,864
Athletics	3,264	119,804	120,479	2,589
Art Club	189	565	105	649
Baseball Club/Goodwin	2,572	10,569	7,044	6,097
Basketball Cheerleaders	4,653	16,430	20,312	771
Boys Golf Club	1,912	-	518	1,394
Change Fund	-	16,070	16,070	-
Cheerleaders	96	5,103	4,693	506
Class of:				
2006	520	-	-	520
2007	5,356	882	5,723	515
2008	241	18,402	12,483	6,160
2009	167	162	37	292
Construction Club	-	465	-	465
Country Club	536	3,767	2,265	2,038
Drama	2,429	9,585	3,594	8,420
Elementary Book Rental	-	27,865	27,865	-
Future Farmers of America	15,487	23,351	28,359	10,479
Future Homemakers of America	4,863	12,213	11,796	5,280
General Revenue	5,653	7,946	5,426	8,173
German Club	232	1,173	892	513
Grade School Activities	6,703	19,327	21,207	4,823
Honor Society	1,282	1,593	2,028	847
Interest	1,709	1,303	1,801	1,211
Jr. High Account	3,065	2,977	4,828	1,214
Jr. High Honor Society	298	836	986	148
Jr. High Student Council	2,185	222	399	2,008
Jr. High Volleyball Club	402	-	-	402
Jr./Sr. High Book Rental	-	37,094	37,094	-
Letter Winners	2,861	975	840	2,996
Library	3,927	2,524	1,788	4,663
Little Raiders Girls' Basketball	6,378	13,194	8,549	11,023
M & M Club	-	-	-	0
Math Club	1,038	90	124	1,004
Mikana	6,152	17,432	14,571	9,013
Music Organization	3,803	9,161	8,821	4,143
Music Trip	8,421	157,499	165,185	735
Musicals	1,808	-	1,808	-
Pom Pom Squad	1,332	9,937	9,060	2,209

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Raider Basketball Club	\$ 1,398	\$ 7,493	\$ 5,979	\$ 2,912
Raider Football Club	5,472	35,452	31,937	8,987
Raider Softball Club	7,212	19,251	20,028	6,435
Refreshment Stand	976	14,544	14,898	622
Science Club	43	-	-	43
Soccer Club	1	2,320	2,236	85
Spanish Club	382	-	-	382
Special Education Activities	3,159	1,248	3,523	884
Speech Club	151	130	23	258
Student Council	3,023	8,640	8,345	3,318
Swimming Account	896	8,867	9,112	651
Thirty Days of Fitness	72	-	62	10
Volleyball Club	950	13,133	13,084	999
Wrestling Club	-	3,100	475	2,625
Total	\$ 125,719	\$ 666,229	\$ 660,573	\$ 131,375

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 5,173,540	\$ 4,243,081	\$ 3,458,255	\$ 3,597,722
Tuition	334,335	320,718	278,454	280,034
Other	250,567	672,426	563,645	404,784
Intermediate sources	-	-	-	51,710
State sources	5,239,011	4,884,448	4,583,508	4,220,517
Federal sources	266,986	199,489	247,543	161,709
Total revenues	<u>\$ 11,264,439</u>	<u>\$ 10,320,162</u>	<u>\$ 9,131,405</u>	<u>\$ 8,716,476</u>
Expenditures:				
Instruction	\$ 7,052,236	\$ 6,279,684	\$ 6,136,796	\$ 5,886,804
Support services:		238,184	187,036	177,231
Student services	228,693	273,013	266,860	218,051
Instructional staff services	296,555	806,944	724,704	624,215
Administration services	919,857	1,020,780	922,571	830,320
Operation and maintenance of plant services	956,288	538,848	403,397	431,666
Transportation services	471,266	-	-	40,406
Non-instructional programs	5,213	4,144	35,526	33,675
Other expenditures:				
Facilities acquisition	174,382	110,025	331,275	184,478
Long-term debt:				
Principal	430,189	410,189	405,189	390,189
Interest and fiscal charges	38,330	50,535	61,595	76,156
AEA flowthrough	368,305	339,429	326,127	318,408
Total expenditures	<u>\$ 10,941,314</u>	<u>\$ 10,071,775</u>	<u>\$ 9,801,076</u>	<u>\$ 9,211,599</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Williamsburg Community School District:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Williamsburg Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Williamsburg Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Williamsburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Williamsburg Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Williamsburg Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Williamsburg Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Williamsburg Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williamsburg Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Williamsburg Community School District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Williamsburg Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Williamsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Williamsburg Community School District and other parties to whom Williamsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Williamsburg Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
October 3, 2007



WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- I-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person in the General Fund.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We have assessed this finding and concluded that any further changes would not be cost effective.

Conclusion – Response accepted.

- I-B-07 Disbursement Support – We noted in two disbursements out of 40 tested that full documentation was not provided for the disbursement.

Recommendation – The District should require full detail support documentation before reimbursing employee expenses to insure that all disbursements meet the purpose of public expenditure.

Response – This was an oversight for these disbursements. We are educating all employees on the requirement for detail documentation for all future reimbursements.

Conclusion – Response accepted.

- I-C-07 Revenue Coding – We noted that one receipt of 16 tested was netted to an expenditure.

Recommendation – The District bypassed the budget process by netting a revenue to an expenditure code, thus understating expenditures. All revenues should be properly coded to a revenue account in the future.

Response – This occurrence was an error only. We corrected the accounts for year end reporting and budgetary comparison purposes. We will properly code all revenues in the future.

Conclusion – Response accepted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

- I-D-07 Activity Fundraiser – We noted in our testing of Special Revenue Fund, Student Activity fundraisers that no fundraiser reconciliation was prepared by the activity sponsor.

Recommendation – The District should enforce an existing policy which requires a fundraiser reconciliation to be completed by sponsors for all fundraisers. This reconciliation should tie total sales receipts to the related bank deposits, and reconcile sales revenue to expenditures for supplies to determine that the fundraiser met the expected profit margin. The District should consider punitive measures for clubs or sponsors that do not complete the required reconciliation in a timely manner.

Response – We are currently working on this problem. We are educating all clubs and sponsors about the importance of this procedure.

Conclusion – Response accepted.

- I-E-07 Local Option Sales and Services Tax – We noted that the District recorded the receipt of a \$16,239 local option sales and services tax catch-up payment in the General Fund. All receipts for local option sales and services taxes are required to be placed in the District's Capital Projects fund.

Recommendation – The District should make a corrective transfer between the General Fund and the Capital Projects Fund for the amount of the erroneously recorded receipts.

Response – This was an oversight for this one payment. We will make the proper correction in our records.

Conclusion – Response accepted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

- II-A-07 Certified Budget – Expenditures for the year ended June 30, 2007, exceeded the amount budgeted in the instructional programs function.
- Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – We will amend our budget before expenditures exceed the budget.
- Conclusion – Response accepted.
- II-B-07 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-07 Abuse of Authority – We noted in our testing of District records that a contract had been entered into by a District employee as a representative of Williamsburg Community School District. The contract called for an independent out-of-District pitching coach to conduct a pitching camp for Williamsburg and other local community school district softball players. The participating players would pay the independent pitching coach, and then the independent pitching coach would in turn pay Williamsburg Community School District \$5 per student per lesson for the use of the District’s facilities. We noted that the contract was between Williamsburg Softball/(District employee’s name inserted). The contract stipulated that checks from the independent pitching coach were to be mailed to the District employee’s home address. The independent pitching coach made payments totaling \$3,080 for the use of the District’s facilities, and we noted that the checks were endorsed by the District employee. However, none of the payments were remitted to the District.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting (continued):

II-J-07 Abuse of Authority (continued)

Recommendation – District employees may not benefit personally through the acceptance of a fee paid for the use of District facilities, per District policy. The terms of the contract calling for checks to include the District employee's name and to be mailed to the District employee's home address, as well as signing the contract as a representative of the District, were an abuse of the employee's authority. The District should seek full reimbursement of the payments made for the facility usage received by the employee and take any other action as may be deemed necessary. The District should ensure that all such future contracts are entered into appropriately and that District employees are aware of all District policies and procedures applicable to such situations. We would encourage the District to contact the State of Iowa Auditor's office regarding this situation.

Response – We have contacted our attorneys and at their suggestion have begun a police investigation into this matter. The investigation is ongoing at this time. We have also contacted the State Auditor's office whose response was that the actions taken by the District were appropriate to the circumstances. We will seek full reimbursement for the facility usage and we will ensure that all such future contracts are entered into appropriately.

Conclusion – Response accepted.

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